

CONFORMED COPY

GEF TRUST FUND GRANT NUMBER TF053299

Global Environment Facility Trust Fund Grant Agreement

(OECS: Protected Areas and Associated Livelihoods Project)

between

THE ORGANISATION OF EASTERN CARIBBEAN STATES

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

acting as an Implementing Agency of the Global Environment Facility

Dated July 14, 2004

GEF TRUST FUND GRANT NUMBER TF053299

GLOBAL ENVIRONMENT FACILITY TRUST FUND GRANT AGREEMENT

AGREEMENT, dated July 14, 2004, between THE ORGANISATION OF EASTERN CARIBBEAN STATES (the Recipient) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank) acting as an implementing agency of the Global Environment Facility (GEF) in respect of grant funds provided to the GEF Trust Fund by certain members of the Bank as participants of the GEF.

WHEREAS (A) the Bank, pursuant to Resolution No. 91-5 of March 14, 1991 of the Executive Directors of the Bank, established the GEF to assist in the protection of the global environment and promote thereby environmentally sound and sustainable economic development;

(B) following the restructuring of the GEF, such arrangements continued in place on the basis set forth in Resolution No. 94-2 of May 24, 1994, of the Executive Directors of the Bank which, *inter alia*, established the GEF Trust Fund and appointed the Bank as trustee of the GEF Trust Fund (Resolution No. 94-2);

(C) the second replenishment of the GEF Trust Fund was approved on the basis set forth in Resolution No. 98-2 of July 14, 1998, of the Executive Directors of the Bank (Resolution No. 98-2);

(D) the Recipient is a duly established international organization and represents that it has the necessary legal capacity and powers to enter into this Agreement and perform its obligations herein set forth;

(E) the Recipient, having satisfied itself as to the feasibility and priority of the project described in Schedule 2 to this Agreement (the Project), has requested assistance from the resources of the GEF Trust Fund for funding the Project, and said request having been approved in accordance with the provisions of the Instrument for the Establishment of the Restructured Global Environment Facility approved under Resolution 94-2, and to be funded from contributions to the GEF Trust Fund under Resolution No. 98-2, which may include funds carried over from the first replenishment of the GEF Trust Fund under Resolution No. 94-2;

(F) the Recipient intends to contract from the *Fonds Français de L'Environnement Mondial* (FFEM), a grant in an amount of Euro 1,312,000 (the FFEM Grant) to assist in financing the Project on the terms and conditions set forth in an agreement to be entered into between the Recipient and FFEM (the FFEM Grant Agreement);

(G) St. Lucia, one of the Participating Countries (as defined below) intends to contract from the Organization of American States (OAS), a grant in a principal amount of \$349,800 (three hundred forty-nine thousand eight hundred dollars) (the OAS Grant) to assist in financing those Parts of the Project that pertain to St. Lucia, on the terms and conditions set forth in an agreement to be entered into between St. Lucia and the OAS; and

(H) the Participating Countries, as ultimate beneficiaries of the Project have agreed to assist the Recipient in the carrying out of the Project, as is expected to be detailed in the corresponding Participation Agreement (as defined below); and

WHEREAS the Bank has agreed, on the basis, *inter alia*, of the foregoing, to extend the grant set forth in Section 2.01 of this Agreement (the GEF Trust Fund Grant) to the Recipient upon the terms and conditions set forth in this Agreement;

NOW THEREFORE, the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01 (a) The following provisions of the General Conditions Applicable to Loan and Guarantee Agreements for Single Currency Loans of the Bank, dated May 30, 1995 (as amended through October 6, 1999), with the modifications set forth in paragraph (b) of this Section (the General Conditions) constitute an integral part of this Agreement:

- (i) Article I;
- (ii) Sections 2.01 (1), (2), (3), (4), (5), (7), (8), (14), (15), (16), (18) and (21), 2.02 and 2.03;
- (iii) Section 3.01;
- (iv) the first part of Section 4.01 (until the semicolon); Section 4.06;
- (v) Sections 5.01, 5.02, 5.03, 5.04, 5.05, 5.06, 5.07, 5.08 and 5.09;
- (vi) Sections 6.01, 6.02 (c), (e), (f), (g), (h), (i), (l), (m), (n), (o) and (p), 6.03, 6.04 and 6.06;

- (vii) Section 8.01 (b);
 - (viii) Sections 9.01 (a), 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09;
 - (ix) the second sentence of Section 10.01, and 10.03;
 - (x) Article XI; and
 - (xi) Sections 12.01, 12.02, 12.03 and 12.04.
- (b) The General Conditions shall be modified as follows:
- (i) the term “Bank”, wherever used in the General Conditions, other than in Sections 5.01 (a) and 6.02 (f) thereof, means the Bank acting as an implementing agency of the GEF;
 - (ii) the term “Borrower”, wherever used in the General Conditions, means the Recipient, except in Sections 6.02 (f) and 8.01 (b), where the term “Borrower” shall mean a Participating Country;
 - (iii) the term “Loan Agreement”, wherever used in the General Conditions, means this Agreement;
 - (iv) the term “Loan”, wherever used in the General Conditions, means the GEF Trust Fund Grant;
 - (v) the term “Loan Account”, wherever used in the General Conditions, means the GEF Trust Fund Grant Account, the account opened by the Bank on its books in the name of the Recipient to which the amount of the GEF Trust Fund Grant is credited;
 - (vi) the phrase “in the territory of, the Borrower or the Guarantor” shall be replaced by the phrase “in the territory of, a Participating Country” in Section 5.08. For purposes of this subparagraph, the term “Participating Country” shall have the same meaning as in Section 1.02 (j) of this Agreement;
 - (vii) the words “and/or the Association, as the case may be,” shall be added after the term “Bank” in Section 6.02 (f) (i); and

- (viii) a new paragraph (q) is added to Section 6.02 of the General Conditions, as follows: “(q) An extraordinary situation shall have arisen in which any further disbursement under the Grant would exceed the resources available for disbursement from the Global Environment Facility.”

Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions and in the Recitals to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) “Associated Livelihoods Subprojects” means subprojects supporting associated livelihoods consistent with the conservation and/or sustainable use of biodiversity, and to be carried out by a Beneficiary (as hereinafter defined) in or around Project-supported protected areas;

(b) “Beneficiary” means an association, a community group, an enterprise or a non-governmental organization duly established or recognized in a Participating Country’s territory, in accordance with its laws and which is eligible to receive financing for an Associated Livelihoods Subproject in accordance with the criteria set forth in the Operational Manual (as hereinafter defined);

(c) “Eligible Categories” means Categories (1) through (6) set forth in the table in paragraph 1 of Schedule 1 to this Agreement in respect of the Project;

(d) “Eligible Expenditures” means expenditures in respect of the reasonable cost of goods, works and services required for the Project and to be financed out of the proceeds of the GEF Trust Fund Grant allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement;

(e) “Environmental Management Plan” means the plan dated March 31, 2004, and duly adopted by the Recipient, and referred to in Section 3.08 of this Agreement, which sets out the environmental protection measures in respect of the Project, as well as administrative and monitoring arrangements to ensure the implementation of said plan, as such plan may be revised from time to time with the agreement of the Bank;

(f) “ESDU” means the Environment and Sustainable Development Unit of the Recipient;

(g) “FMR” means each financial monitoring report prepared in accordance with Section 4.02 of this Agreement;

(h) “NICE” means any of the national implementation coordination entities referred to in paragraph (c) (i) of Schedule 4 to this Agreement;

(i) “Operational Manual” means the manual, acceptable to the Bank and referred to in Section 3.05 (a) of this Agreement;

(j) “Participating Country” means any of the following countries: (i) Antigua and Barbuda; (ii) Commonwealth of Dominica; (iii) Grenada; (iv) St. Kitts and Nevis; (v) Saint Lucia; and (vi) St. Vincent and the Grenadines, and the term “Participating Countries” means collectively all said countries;

(k) “Participation Agreement” means any of the agreements entered into between the Recipient and each of the Participating Countries on terms and conditions acceptable to the Bank, for purposes of governing the assistance to be provided by said Participating Countries to the Recipient under the Project, each such agreement to include, *inter alia*, the terms set forth in Schedule 4 to this Agreement;

(l) “Process Framework” means the framework dated March 31, 2004 and duly adopted by the Recipient, which sets out the mitigation measures to be taken under the Project with respect to potential livelihoods impacts under the Project, as such framework may be revised from time to time with the agreement of the Bank;

(m) “Report-based Disbursement” means the Borrower’s option for withdrawal of funds from the Grant Account referred to in Part A.7 of Schedule 1 to this Agreement;

(n) “SIE” means any of the site implementation entities to be selected at the national level to undertake the day-to-day management of specific protected areas to be covered by the Project;

(o) “Special Account” means the account referred to in Part B of Schedule 1 to this Agreement; and

(p) “Sustainable Livelihoods Subproject Agreement” means an agreement referred to in Section 3.03(a) of this Agreement.

ARTICLE II

The GEF Trust Fund Grant

Section 2.01. The Bank agrees to make available to the Recipient, on the terms and conditions set forth or referred to in this Agreement, the GEF Trust Fund Grant in an amount equal to three million seven hundred thousand Dollars (\$3,700,000).

Section 2.02. (a) The amount of the GEF Trust Fund Grant may be withdrawn from the GEF Trust Fund Grant Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Bank shall so agree, to be made) in respect of the reasonable cost of goods, works and services required for carrying out the Project and to be financed out of the proceeds of the GEF Trust Fund Grant.

(b) The Recipient may, for the purposes of the Project, open and maintain in Dollars a special deposit account in a commercial bank on terms and conditions satisfactory to the Bank, including appropriate protection against set off, seizure or attachment. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Part B of Schedule 1 to this Agreement.

Section 2.03. The Closing Date shall be April 30, 2010 or such later date as the Bank shall establish. The Bank shall promptly notify the Recipient of such later date.

ARTICLE III

Execution of the Project

Section 3.01. (a) The Recipient, through its ESDU, declares its commitment to the objective of the Project as set forth in Schedule 2 to this Agreement and, to this end, shall carry out the Project with the assistance of the Participating Countries (as provided in the corresponding Participation Agreement), with due diligence and efficiency and in conformity with appropriate administrative, technical, financial, social and procurement practices and with due regard to ecological and environmental factors consistent with the Environmental Management Plan, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation to the provisions of paragraph (a) above, the Recipient shall cause the Participating Countries to provide, or cause to be provided, promptly as needed, the funds, facilities, services and other resources required for the Project, as stipulated in the corresponding Participation Agreement.

Section 3.02. Except as the Bank shall otherwise agree, procurement of the goods, works and consultants' services required for the Project and to be financed out of the proceeds of the GEF Trust Fund Grant shall be governed by the provisions of Schedule 3 to this Agreement.

Section 3.03. For the purposes of carrying out Part B.2 (e) of the Project, the Recipient shall cause the Participating Countries, pursuant to the corresponding Participation Agreement, to:

(a) after having selected an Associated Livelihoods Subproject, enter into an agreement (the Associated Livelihoods Subproject Agreement), with a Beneficiary, on terms and conditions acceptable to the Bank and in accordance with the provisions set forth in the Operational Manual; and

(b) exercise its rights under any Sustainable Livelihoods Subproject Agreement in such manner as to protect the interests of the Recipient, the Participating Countries, and the Bank and to accomplish the purposes of the Grant, and except as the Bank shall otherwise agree, shall not assign, amend, abrogate, waive or fail to enforce any Sustainable Livelihoods Subproject Agreement or any provision thereof.

Section 3.04. The Recipient shall:

(a) prepare, on the basis of guidelines acceptable to the Bank, and furnish to the Bank not later than six months after the Closing Date or such later date as may be agreed for this purpose between the Recipient and the Bank, a plan designed to ensure the sustainability of the Project activities; and

(b) afford the Bank a reasonable opportunity to exchange views with the Recipient on said plan.

Section 3.05. (a) Without limitation to the provisions of Section 3.01 (a) of this Agreement, the Recipient shall carry out the Project in accordance with a Project operational manual which includes, *inter alia*: (i) the names of all the NICES; (ii) criteria for selecting protected areas to be covered by the Project; (iii) the Recipient's operating procedures, internal controls and accounting and reporting functions; (iv) the actions to be undertaken by the Recipient to improve its procurement and financial management capacity; (v) the Project financial management, disbursement and procurement procedures; (vi) the guidelines for the set up of the SIEs; (vii) criteria for selecting the Associated Livelihoods Subprojects; and (viii) the indicators to be used in the monitoring and evaluation of the Project.

(b) In case of any conflict between the terms of the Operational Manual and those of this Agreement, the terms of this Agreement shall prevail.

Section 3.06. (a) (i) The Recipient shall enter into a Participation Agreement with each Participating Country and shall exercise its rights and carry out its obligations under each Participation Agreement in such manner as to protect the interests of the Recipient and the Bank and to accomplish the purposes of the GEF Trust Fund Grant; and (ii) except as the Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate, repeal, terminate, waive or fail to enforce any Participation Agreement or any provision thereof.

(b) The Recipient shall ensure that each Participation Agreement be duly authorized or ratified by, and executed and delivered by, the relevant Participating Country and be legally binding upon such Participating Country in accordance with the relevant Participation Agreement's terms.

(c) The Recipient shall ensure that each of the Participation Agreements is fully consistent with this Agreement. No provision of any of the Participation Agreements shall in any way limit the obligations of the Recipient set forth in this Agreement. In case of discrepancy between the provisions of any Participation Agreement and those of this Agreement, the provisions set forth in this Agreement shall prevail.

Section 3.07. The Recipient shall ensure that the ESDU is, at all times during Project implementation, headed by a Project director, and assisted by a Project coordinator, a protected areas specialist, a communications officer, an accountant, an administrative assistant, and, as required, other professional and administrative staff, in numbers and all with qualifications and experience acceptable to the Bank.

Section 3.08. The Recipient shall:

(a) implement the Environmental Management Plan and the Process Framework in a manner satisfactory to the Bank and ensure that the Project is implemented in accordance with sound environmental practices and standards; and

(b) without limitation on the provisions of (a) above, and with respect to Parts B.1 and B.2 of the Project, prior to commencing works under said Parts of the Project: (i) prepare an environmental impact assessment in a manner and substance acceptable to the Bank; and (ii) carry out such environmental action plans in a manner satisfactory to the Bank.

Section 3.09. Without limitation to the provisions of Section 3.01 (a) of this Agreement, the Recipient shall: (a) not later than May 31 of each year of Project

implementation, starting in the year 2005, prepare and furnish to the Bank, an annual work program, acceptable to the Bank, containing the Project activities to be carried out during the calendar year following the date of presentation of said program to the Bank, and a timetable for the completion of said Project activities during the year in question; and (b) thereafter carry out said program in accordance with its terms, and in a manner acceptable to the Bank.

Section 3.10. The Recipient shall:

(a) maintain or cause to be maintained policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with the indicators set forth in the Operational Manual, the carrying out of the Project and the achievement of the objective thereof;

(b) prepare with the assistance of the ESDU and the Participating Countries, under terms of reference satisfactory to the Bank, and furnish to the Bank each July 31 and January 31 during Project implementation, starting with the report due on July 31, 2005, a report integrating the results of the monitoring and evaluation of the Project activities performed pursuant to paragraph (a) of this Section, on the progress achieved in the carrying out of the Project during the six-month period preceding the date of presentation of each said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objective thereof during the following six-month period; and

(c) review with the Bank, FFEM, OAS (with respect to the Parts of the Project pertaining to St. Lucia) and the Participating Countries each September during Project implementation, or such later date as the Bank shall request, the pertinent reports referred to in paragraph (b) of this Section, and, thereafter, take, and/or cause to be taken, all measures required to ensure the efficient completion of the Project and the achievement of the objective thereof, based on the conclusions and recommendations of said reports and the Bank's views on the matter.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Recipient shall maintain a financial management system, including records and accounts, and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, adequate to reflect the operations, resources and expenditures related to the Project.

(b) The Recipient shall:

- (i) have the financial statements referred to in paragraph (a) of this Section for each fiscal year (or other period agreed to by the Bank), audited in accordance with consistently applied auditing standards acceptable to the Bank, by independent auditors acceptable to the Bank;
- (ii) furnish to the Bank as soon as available, but in any case not later than four months after the end of each such year (or such other period agreed to by the Bank): (A) certified copies of the financial statements referred to in paragraph (a) of this Section for such year (or other period agreed to by the Bank), as so audited; and (B) an opinion on such statements by said auditors, in scope and detail satisfactory to the Bank; and
- (iii) furnish to the Bank such other information concerning such records and accounts, and the audit of such financial statements, and concerning said auditors, as the Bank may from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the GEF Trust Fund Grant Account were made on the basis of reports referred to in Part A.7 of Schedule 1 to this Agreement (Report-based Disbursements) or on the basis of statements of expenditure, the Recipient shall:

- (i) retain, until at least one year after the Bank has received the audit report for, or covering, the fiscal year in which the last withdrawal from the GEF Trust Fund Grant Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (ii) enable the Bank's representatives to examine such records; and
- (iii) ensure that such reports and statements of expenditures are included in the audit for each fiscal year (or other period agreed to by the Bank), referred to in paragraph (b) of this Section.

Section 4.02. (a) Without limitation upon the Recipient's progress reporting obligations set out in Section 3.10 of this Agreement, the Recipient shall prepare and furnish to the Bank a Financial Monitoring Report, in form and substance satisfactory to the Bank, which:

- (i) sets forth sources and uses of funds for the Project, both cumulatively and for the period covered by said report, showing separately funds provided under the Grant, and explains variances between the actual and planned uses of such funds;

- (ii) describes physical progress in Project implementation, both cumulatively and for the period covered by said report, and explains variances between the actual and planned Project implementation; and
- (iii) sets forth the status of procurement under the Project, as at the end of the period covered by said report.

(b) The first FMR shall be furnished to the Bank not later than 45 days after the end of the first calendar quarter after the Effective Date, and shall cover the period from the incurrence of the first expenditure under the Project through the end of such first calendar quarter; thereafter, each FMR shall be furnished to the Bank not later than 45 days after each subsequent calendar quarter, and shall cover such calendar quarter.

ARTICLE V

Remedies of the Bank

Section 5.01. Pursuant to Section 6.02 (p) of the General Conditions, the following additional events are specified:

(a) Any Participating Country shall have failed to comply with any of its obligations under the corresponding Participation Agreement.

(b) As a result of events which have occurred after the date of this Agreement, an extraordinary situation shall have arisen which shall make it improbable that any Participating Country will be able to perform any of its obligations under the corresponding Participation Agreement.

(c) The FFEM Grant Agreement shall have failed to become effective by June 30, 2005, or such later date as the Bank may agree; provided, however, that the provisions of this paragraph shall not apply if the Recipient establishes to the satisfaction of the Bank that adequate funds for the Project are available to the Recipient from other sources on terms and conditions consistent with the obligations of the Recipient under this Agreement.

- (d) (i) Subject to subparagraph (ii) of this paragraph, the right of the Recipient to withdraw the proceeds of the FFEM Grant shall have been suspended, canceled or terminated in whole or in part, pursuant to the terms of the corresponding agreement providing therefor.

- (ii) Subparagraph (i) of this paragraph shall not apply if the Recipient establishes to the satisfaction of the Bank that:
 - (A) such suspension, cancellation or termination is not caused by the failure of the Recipient to perform any of its obligations under any of such agreements; and
 - (B) adequate funds for the Project are available to the Recipient from other sources on terms and conditions consistent with the obligations of the Recipient under this Agreement.

ARTICLE VI

Effectiveness, Termination

Section 6.01. The following events are specified as additional conditions to the effectiveness of this Agreement within the meaning of Section 12.01 (c) of the General Conditions:

- (a) that each Participating Country has identified and staffed its NICE as provided in paragraph (c) of Schedule 4 to this Agreement;
- (b) that separate Participation Agreements have been entered into between the Recipient and at least three (3) Participating Countries;
- (c) that the Operational Manual has been approved by the Bank and adopted by the Recipient; and
- (d) the auditors referred to in Section 4.01 (b) (i) of this Agreement have been appointed.

Section 6.02. The date October 12, 2004 is hereby specified for the purposes of Section 12.04 of the General Conditions.

Section 6.03. This Agreement shall continue in effect until the GEF Trust Fund Grant has been fully disbursed and the parties to this Agreement have fulfilled all their obligations hereunder.

ARTICLE VII

Representative of the Recipient; Addresses

Section 7.01. The Director General of the Recipient is designated as representative of the Recipient for the purposes of Section 11.03 of the General Conditions.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Recipient:

Organisation of Eastern Caribbean States (OECS)
Morne Fortuné
P.O. Box 179
Castries, Saint Lucia

Facsimile: (758) 4522194

For the Bank:

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:

Telex:

INTBAFRAD
Washington, D.C.

197688 (TRT),
248423 (RCA)
64145 (WUI) or
82987 (FTC)

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the city of Castries, St. Lucia, as of the day and year first above written.

ORGANISATION OF EASTERN CARIBBEAN STATES

By/s/ Len Ishmael

Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
as an implementing agency of the Global Environment Facility

By/s/ Pierre Werbrouck

Acting Regional Vice President
Latin America and the Caribbean

SCHEDULE 1

Withdrawal of the Proceeds of the GEF Trust Fund Grant

A. General

1. The table below sets forth the Categories of items to be financed out of the proceeds of the GEF Trust Fund Grant, the allocation of the amounts of the GEF Trust Fund Grant to each Category and the percentage of expenditures for items so to be financed in each Category:

<u>Category</u>	Amount of the GEF Trust Fund Grant Allocated (Expressed in Dollars)	% of Expenditures to be Financed
(1) Goods	171,000	100% subject to paragraph 6 below
(2) Works	273,000	100% subject to paragraph 6 below
(3) Consultants' services (including audits)	1,234,000	100% subject to paragraph 6 below
(4) Training and workshops	834,000	100% subject to paragraph 6 below
(5) Goods, works and services required for Associated Livelihoods Subprojects	300,000	100% subject to Paragraph 8 below
(6) Operational Costs:		
(a) Project Coordinator	100,000	100% until 12/31/2005, 75% until 12/31/2006, 50% until 12/31/2007, 25% until 12/31/2008 and 0% thereafter

<u>Category</u>	Amount of the GEF Trust Fund Grant Allocated (Expressed in Dollars)	% of Expenditures to be Financed
(b) other Operational Costs	653,000	100% subject to paragraph 6 below
(7) Unallocated	<u>135,000</u>	
TOTAL	3,700,000 =====	

2. For the purposes of this Schedule:

(a) the term “Training and workshops” means expenditures (other than those for consultants’ services) incurred by the Recipient to finance reasonable transportation costs and per-diem of trainees and trainers (if applicable), rental of training and workshop facilities and equipment and the required training materials under the Project; and

(b) the term “Operational Costs” means reasonable recurrent expenditures that would not have been incurred absent the Project, for remuneration of the Project coordinator and one administrative assistant, transportation and per-diem costs, consumable items, utilities, communication charges, office equipment, office supplies, and operation and maintenance of vehicles, boats and other equipment assigned to the Project (included spare parts for said boats, vehicles and equipment), all needed for the implementation of the Project.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for: (a) expenditures prior to the date of this Agreement, except that withdrawals, in an aggregate amount not exceeding \$370,000 may be made on account of payments made for expenditures before that date but after March 1, 2004, but not earlier than twelve months prior to the date of this Agreement; (b) expenditures under Category (5) set forth in the table in paragraph 1 of this Schedule, unless the accountant referred to in Section 3.07 of this Agreement has been appointed.

4. The Bank may require withdrawals from the GEF Trust Fund Grant Account to be made on the basis of statements of expenditure for expenditures: (a) under contracts for goods estimated to cost less than \$150,000 equivalent each with the exception of: (i) the first contract for goods to be procured under Part C.1 of Section I of Schedule 3 to this Agreement; and (ii) the first contract for goods to be procured under Part C.2 of Section I of Schedule 3 to this Agreement; (b) under contracts for the employment of consulting firms estimated to cost less than \$100,000 equivalent each; and (c) under

contracts for the employment of individual consultants estimated to cost less than \$50,000 equivalent each with the exception of the first two such contracts.

5. If the Bank shall have determined at any time that any payment made from the GEF Trust Fund Grant Account was used for any expenditure not consistent with the provisions of this Agreement, the Recipient shall, promptly upon notice from the Bank, refund to the Bank for deposit into the GEF Trust Fund Grant Account, an amount equal to the amount so used or the portion thereof as specified by the Bank.

6. In case the Recipient loses its tax exempt status with respect to any of the Participating Countries in which procurement of goods, works and/or services will be carried out, the percentage financed shall be adjusted pursuant to Section 5.08 of the General Conditions.

7. The Recipient may request withdrawals from the GEF Trust Fund Grant Account to be made on the basis of reports to be submitted to the Bank in form and substance satisfactory to the Bank, such reports to include the FMR and any other information as the Bank shall specify by notice to the Recipient (Report-based Disbursements). In the case of the first such request submitted to the Bank before any withdrawal has been made from the GEF Trust Fund Grant Account, the Recipient shall submit to the Bank only a statement with the projected sources and applications of funds for the Project for the six-month period following the date of such request.

8. The percentage expressed on the "expenditures to be financed" figure for category (4) in the third column of the table in paragraph 1 of this Schedule shall be 100% only when the goods, works and services required for an Associated Livelihoods Subprojects are procured through a tax exempt organization such as the OECS, or when a Participating Country has granted a tax exemption of the applicable taxes, levies and other duties levied in its territory for the goods, works and services necessary for the execution of an Associated Livelihoods Subprojects in said Participating Country. In all other cases, the percentage shall be adjusted pursuant to Section 5.08 of the General Conditions.

B. Special Account

1. The Recipient may open and maintain in Dollars a special deposit account in a commercial bank acceptable to the Bank, on terms and conditions satisfactory to the Bank, including appropriate protection against set-off, seizure and attachment.

2. After the Bank has received evidence satisfactory to it that the Special Account has been opened, withdrawals from the Grant Account of amounts to be deposited into the Special Account shall be made as follows:

(a) if the Recipient is not making Report-based Disbursements, withdrawals shall be made in accordance with the provisions of Annex A to this Schedule 1; and

(b) if the Recipient is making Report-based Disbursements, withdrawals shall be made in accordance with the provisions of Annex B to this Schedule 1.

3. Payments out of the Special Account shall be made exclusively for Eligible Expenditures. For each payment made by the Recipient out of the Special Account, the Recipient shall, at such time as the Bank shall reasonably request, furnish to the Bank such documents and other evidence showing that such payment was made exclusively for Eligible Expenditures.

4. Notwithstanding the provisions of Part B.2 of this Schedule, the Bank shall not be required to make further deposits into the Special Account:

(a) if the Bank, at any time, is not satisfied that the reports referred to in Part A.7 of this Schedule 1 adequately provide the information required for Report-based Disbursements;

(b) if the Bank determines at any time that all further withdrawals for payment of Eligible Expenditures should be made by the Recipient directly from the Grant Account; or

(c) if the Recipient shall have failed to furnish to the Bank, within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports required to be furnished to the Bank pursuant to said Section in respect of the audit of: (A) the records and accounts for the Special Account; or (B) the records and accounts reflecting expenditures with respect to which withdrawals were Report-based Disbursements or were made on the basis of statements of expenditure, as the case may be.

5. The Bank shall not be required to make further deposits into the Special Account in accordance with the provisions of Part B.2 of this Schedule if, at any time, the Bank shall have notified the Recipient and the Guarantor of its intention to suspend in whole or in part the right of the Recipient to make withdrawals from the Grant Account pursuant to Section 6.02 of the General Conditions. Upon such notification, the Bank shall determine, in its sole discretion, whether further deposits into the Special Account may be made and what procedures should be followed for making such deposits, and shall notify the Recipient and the Guarantor of its determination.

6. (a) If the Bank determines at any time that any payment out of the Special Account was made for an expenditure which is not an Eligible Expenditure, or was not

justified by the evidence furnished to the Bank, the Recipient shall, promptly upon notice from the Bank, provide such additional evidence as the Bank may request, or deposit into the Special Account (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment. Unless the Bank shall otherwise agree, no further deposit by the Bank into the Special Account shall be made until the Recipient has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Bank determines at any time that any amount outstanding in the Special Account will not be required to cover payments for Eligible Expenditures during the six-month period following such determination, the Recipient shall, promptly upon notice from the Bank, refund to the Bank such outstanding amount.

(c) The Recipient may, upon notice to the Bank, refund to the Bank all or any portion of the funds on deposit in the Special Account.

(d) Refunds to the Bank made pursuant to subparagraphs (a), (b) or (c) of this paragraph 6 shall be credited to the Grant Account for subsequent withdrawal or for cancellation in accordance with the provisions of the Grant Agreement.

Annex A
to
SCHEDULE 1

Operation of Special Account
When Withdrawals Are Not
Report-based Disbursements

1. For the purposes of this Annex, the term “Authorized Allocation” means the amount of \$350,000 to be withdrawn from the Grant Account and deposited into the Special Account pursuant to paragraph 2 of this Annex; provided, however, that unless the Bank shall otherwise agree the authorized allocation shall be limited to the amount of \$200,000 until the Bank determines based on the amounts and frequencies of withdrawals applications that a higher amount is required for the operation of the Special Account, such amount not to exceed the amount of the authorized allocation.

2. Withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

(a) For withdrawals of the Authorized Allocation, the Recipient shall furnish to the Bank a request or requests for deposit into the Special Account of an amount or amounts which in the aggregate do not exceed the Authorized Allocation. On the basis of each such request, the Bank shall, on behalf of the Recipient, withdraw from the Grant Account and deposit into the Special Account such amount as the Recipient shall have requested.

(b) For replenishment of the Special Account, the Recipient shall furnish to the Bank requests for deposit into the Special Account at such intervals as the Bank shall specify. Prior to or at the time of each such request, the Recipient shall furnish to the Bank the documents and other evidence required pursuant to Part B.3 of Schedule 1 to this Agreement for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Bank shall, on behalf of the Recipient, withdraw from the Grant Account and deposit into the Special Account such amount as the Recipient shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for Eligible Expenditures. Each such deposit into the Special Account shall be withdrawn by the Bank from the Grant Account under one or more of the Eligible Categories.

3. The Bank shall not be required to make further deposits into the Special Account, once the total unwithdrawn amount of the Grant minus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions shall equal the equivalent of twice the amount of the Authorized Allocation. Thereafter, withdrawal from the Grant Account of the remaining unwithdrawn amount of

the Grant shall follow such procedures as the Bank shall specify by notice to the Recipient. Such further withdrawals shall be made only after and to the extent that the Bank shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for Eligible Expenditures.

**Annex B
to
SCHEDULE 1**

**Operation of Special Account
When Withdrawals Are
Report-based Disbursements**

1. Withdrawals from the Grant Account shall be deposited by the Bank into the Special Account in accordance with the provisions of Schedule 1 to this Agreement. Each such deposit into the Special Account shall be withdrawn by the Bank from the Grant Account under one or more of the Eligible Categories.
2. Upon receipt of each application for withdrawal of an amount of the Grant, the Bank shall, on behalf of the Recipient, withdraw from the Grant Account and deposit into the Special Account an amount equal to the lesser of: (a) the amount so requested; and (b) the amount which the Bank has determined, based on the reports referred to in Part A.7 of this Schedule 1 applicable to such withdrawal application, is required to be deposited in order to finance Eligible Expenditures during the six-month period following the date of such reports.

SCHEDULE 2

Description of the Project

The objectives of the Project are to contribute to the conservation of biodiversity of global importance in the Participating Countries by removing barriers to the effective management of protected areas and increasing the involvement of civil society and the private sector in the planning, management and sustainable use of said protected areas.

The Project consists of the following parts, subject to such modifications thereof as the Recipient and the Bank may agree upon from time to time to achieve such objective.

Part A: Protected Areas Institutional Framework

1. Harmonization of the Participating Countries' institutional framework governing the creation and management of protected areas, through, *inter alia*: (a) the carrying out of a review at the national level of the existing legal, policy and institutional frameworks in each Participating Country; (b) the preparation of a comparative analysis based on the review mentioned in (a) herein, including recommendations for the development of a harmonized policy, legal and institutional framework for the establishment and management of protected areas in the Participating Countries; (c) the development of a harmonized policy, legal and institutional framework for the establishment and management of protected areas in the Participating Countries; and (d) the implementation of all the necessary actions at the national level for the adoption of the harmonized framework mentioned in (c) herein.

2. Strengthening of the capacity of the Participating Countries to update and prepare new national protected areas system plans, through, *inter alia*: (a) the carrying out of a review at the national level of the existing protected areas system plans and thereafter preparing a comparative analysis of the preparation and updating procedures in each Participating Country, including recommendations for the development of a common procedure for the preparation and updating of said system plans; (b) the carrying out of a public consultation campaign on the selection and inclusion of sites into the protected areas system plans; (c) development of draft national system plans based on consultations with the pertinent stakeholders; (d) the implementation of all necessary actions at the national level for the adoption of the common procedure for the preparation and updating of protected areas system plans mentioned in (b) herein.

3. Identification of critical constraints affecting the conservation of biodiversity in the Participating Countries, through, *inter alia*: (a) the carrying out of an assessment of

the constraints affecting the conservation of biodiversity in each of the Participating Countries; (b) the carrying out of an evaluation of existing and potential mechanisms for the sustainable financing of protected areas; and (c) carrying out of demand driven capacity-building studies.

Part B: Protected Areas Management and Associated and New Livelihoods

1. Establishment of new and strengthening of existing protected areas in the Participating Countries through, *inter alia*: (a) the carrying out of basic project areas management activities including: (i) carrying out site inventories, demarcation and mapping of protected areas; (ii) development and implementation of a monitoring and evaluation program; and (iii) updating of existing or preparation of new protected areas management plans; (b) the upgrading and expansion of infrastructure located in existing protected areas and the construction of new infrastructure in future protected areas (visitors centers, protected area headquarters, park management operation centers, and sanitary facilities); (c) the provision of the necessary equipment to support protected area management responsibilities, including vehicles, boats, fire suppression gear, radios, computers and uniforms; and (d) the provision of training and technical assistance to protected area managers, including on planning, budgeting, conflict resolution, monitoring and evaluation and personnel management.

2. Supporting economically viable and environmentally sustainable new and associated livelihoods activities, specially when existing activities threaten the integrity of protected areas, through, *inter alia*: (a) the carrying out of field studies and workshops to identify potential economic alternatives; (b) the evaluation and selection of the economic opportunities identified by the studies and workshops mentioned in (a) herein, based upon their compatibility with conservation objectives, feasibility and cost-benefit criteria; (c) the development of participation criteria to determine Beneficiaries' involvement in livelihood activities; (d) the provision of training and technical assistance to Beneficiaries; and (e) the preparation and implementation of Associated Livelihoods Subprojects.

3. Strengthening of the institutional capacity at the regional and local levels, through the preparation of annual workshops and other supporting activities.

Part C: Capacity Building for Biodiversity Conservation, Protected Areas Management and Increasing Environmental Awareness

1. Strengthening of the capacity at the national level for biodiversity conservation and sustainable management of protected areas, through, *inter alia*: (a) the preparation of an assessment of the related national and regional training needs; and (b) the design and

implementation of national and regional training programs on protected areas management and sustainable alternative livelihoods.

2. Increasing of public awareness of the ecological, economic and social significance of protected areas, through, *inter alia*: (a) the design of national public awareness strategies and country specific action plans; (b) the implementation of the action plans referred in (a) herein; and (c) the provision of the necessary equipment to support the implementation of public awareness strategies.

Part D: Project Management, Monitoring and Evaluation and Information Dissemination

1. Strengthening of the capacity of the Recipient for the purposes of carrying out the Project, through, *inter alia*: (a) the provision of specialized technical assistance and staff; and (b) the acquisition and use of appropriate office equipment.

2. Updating of the Recipient's existing monitoring and evaluation system.

3. Carrying out of campaign activities, through all means of communication and national and regional workshops, to promote and disseminate the objectives of the Project.

* * *

The Project is expected to be completed by October 31, 2009.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: General

Goods and works shall be procured in accordance with the provisions of Section I of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in January 1995 and revised in January and August 1996, September 1997 and January 1999 (the Guidelines) and the following provisions of Section I of this Schedule.

Part B: International Competitive Bidding

1. Except as otherwise provided in Part C of this Section, goods and works shall be procured under contracts awarded in accordance with the provisions of Section II of the Guidelines and paragraph 5 of Appendix 1 thereto.
2. To the extent practicable, contracts for goods to be procured under contracts awarded in accordance with the provisions of paragraph 1 above shall be grouped in bid packages estimated to cost \$150,000 equivalent or more each.

Part C: Other Procurement Procedures

1. National Competitive Bidding

Goods estimated to cost less than \$150,000 equivalent per contract, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

2. Shopping

Goods estimated to cost less than \$25,000 equivalent per contract, may be procured under contracts awarded on the basis of international shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

3. Procurement of Small Works

Works estimated to cost less than \$150,000 equivalent per contract, may be procured under lump-sum, fixed-price contracts awarded on the basis of quotations obtained from at least three (3) qualified domestic contractors in response to a written invitation. The invitation shall include a detailed description of the works, including basic specifications, the required completion date, a basic form of agreement acceptable to the Bank, and relevant drawings, where applicable. The award shall be made to the contractor who offers the lowest price quotation for the required work, and who has the experience and resources to complete the contract successfully.

4. Procurement under Subprojects

Goods and works to be procured by Beneficiaries for Associated Livelihoods Subprojects shall be procured in accordance with the procedures specified in the Operational Manual, which shall provide that goods and works shall be procured whenever possible in accordance with the procedures referred to in paragraph C.2 above for contracts estimated to cost \$25,000 equivalent or more, up to \$50,000; and for contracts estimated to cost less than \$25,000 equivalent, through direct contracting procedures in accordance with the provisions of paragraph 3.7 of the Guidelines.

Part D: Review by the Bank of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitations to bid for contracts, the proposed procurement plan for the Project shall be furnished to the Bank for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Guidelines. Procurement of all goods and works shall be undertaken in accordance with such procurement plan as shall have been approved by the Bank, and with the provisions of said paragraph 1.

2. Prior Review

With respect to: (a) each contract for goods and each contract for works to be awarded under Part B above; (b) the first contract for goods to be awarded under Part C.1 above; (c) the first contract for small works to be awarded under Part C.3 above; and (d) the first contract for subprojects to be awarded under Part C.4 (b) above, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Guidelines shall apply.

Section II. Employment of Consultants

Part A: General

Consultants' services shall be procured in accordance with the provisions of Sections I and IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the Bank in January 1997 and revised in September 1997, January 1999 and May 2002 (the Consultant Guidelines), paragraph 1 of Appendix 1 thereto, Appendix 2 thereto and the following provisions of Section II of this Section.

Part B: Quality- and Cost-based Selection

Except as otherwise provided in Part C of this Section, consultants' services shall be procured under contracts awarded in accordance with the provisions of Section II of the Consultant Guidelines, and the provisions of paragraphs 3.13 through 3.18 thereof applicable to quality- and cost-based selection of consultants.

Part C: Other Procedures for the Selection of Consultants

1. Selection Based on Consultants' Qualifications

Consultants' services estimated to cost less than \$100,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.7 of the Consultant Guidelines.

2. Individual Consultants

Consultants' services for specialized Project activities and tasks that meet the requirements set forth in paragraph 5.1 of the Consultant Guidelines shall be procured under contracts awarded in accordance with the provisions of paragraphs 5.1 through 5.3 of the Consultant Guidelines, and, if applicable, said consultants' services may be selected on a sole-source basis in accordance with the provisions of paragraph 5.4 of the Consultant Guidelines, subject to prior approval of the Bank.

3. Consultant Services under Subprojects

Consultants services to be procured by Beneficiaries for Associated Livelihoods Subprojects shall be procured in accordance with the procedures specified in the Operational Manual, which shall provide that: (a) services for subprojects for contract amounts below \$20,000 will be procured on a single source basis; and (b) for contracts above this threshold, services will be procured through consultants qualifications or individual consultants, as appropriate.

Part D: Review by the Bank of the Selection of Consultants

1. Selection Planning

A plan for the selection of consultants, which shall include contract cost estimates, contract packaging, and applicable selection criteria and procedures, shall be furnished to the Bank for its review and approval prior to the issuance to consultants of any requests for proposals. Selection of all consultants' services shall be undertaken in accordance with such selection plan (as updated from time to time) as shall have been approved by the Bank.

2. Prior Review

(a) With respect to each contract for the employment of consulting firms estimated to cost the equivalent of \$100,000 or more, and the first contract to be awarded under C.3 above, the procedures set forth in paragraphs 2, 3 and 5 of Appendix 1 to the Consultant Guidelines shall apply.

(b) With respect to each contract for the employment of consulting firms estimated to cost less than the equivalent of \$100,000, the terms of reference of the consultants shall be furnished to the Bank for its prior review and approval.

(c) With respect to each contract for the employment of individual consultants estimated to cost the equivalent of \$50,000 or more, the report on the comparison of the qualifications and experience of candidates, the qualifications, experience, terms of reference and terms of employment of the consultants shall be furnished to the Bank for its prior review and approval. The contract shall be awarded only after the said approval shall have been given. The provisions of paragraph 3 of Appendix 1 to the Consultant Guidelines shall also apply to such contracts.

(d) With respect to each contract for the employment of individual consultants estimated to cost less than the equivalent of \$50,000, the terms reference of the consultants shall be furnished to the Bank for its prior review and approval.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Consultant Guidelines shall apply.

SCHEDULE 4

Terms and Conditions of Participation Agreements

Each Participation Agreement shall include the obligation of the Participating Country to:

(a) provide, or cause to be provided, promptly as needed, the in-kind contributions, facilities, services and other resources required for the Project, as stipulated in an annex to the Participation Agreement;

(b) (i) take or cause to be taken all action to permit the Recipient to carry out the Project; and (ii) not take or permit to be taken any action which would prevent or interfere with the Recipient's compliance with its obligations under this Agreement;

(c) (i) establish, and thereafter operate and maintain, at all times during the implementation of the Project, a national implementation coordination entity (the NICE) with a structure, functions and responsibilities acceptable to the Bank, which shall include, *inter alia*, the responsibility to assist the corresponding Participating Country in the carrying out of its obligations under the pertinent Participation Agreement; and (ii) ensure that the NICE is, at all times during Project implementation, headed by a qualified and experienced national focal point representative, and assisted by qualified and experienced professional and administrative staff;

(d) afford all reasonable opportunity for representatives of the Bank and the Recipient to visit any part of its territory for purposes related to the GEF Trust Fund Grant;

(e) provide to the Recipient the necessary information and/or documentation, as requested by the Recipient in writing, to enable the Recipient to comply with its obligations under this Agreement;

(f) (i) assist the Recipient in the preparation of annual work plans and the progress reports referred to in Section 3.09 and 3.10 (b) of this Agreement, respectively; and (ii) participate in the mid-term review referred to in Section 3.10 (c) of this Agreement; and

(g) ensure that the respective Participating Country has granted a tax exemption of the applicable taxes, levies and other duties levied in the territory of the respective Participating Country for the goods, works and services necessary for the execution of an Associated Livelihoods Subprojects in said Participating Country.

